



Footnotes: “The Good, the Bad, and the Ugly”

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Well Written Narratives

PUNCTUATION

Grammar

Active Voice

Plain Language – No Jargon

CLEAR AND CONCISE



Well Written Narratives

**TITLE FIRST (ABBREVIATION)
THEN ABBREVIATION**

DATES and MORE DATES

Correct Titles – THE activities and
people

GOOD SPACING



What We See

- “Fund Balance with Treasury increased because collections increased.”
- “Accounts Receivable in/decreased because undistributed collections...”
- “Accounts Receivable increased because sales increased.”
- “Accounts Payable in/decreased because undistributed disbursements...”
- “Accounts Payable decreased because undelivered orders increased.”
- “Accounts Payable decreased by...Decreases occurred in Supply Management and Depot Maintenance and...” (Accounts payable decreased because accounts payable decreased)



What We See

- “Accounts Receivable (or Accounts Payable, or Revenue or Expense) in/decreased because eliminations in/decreased.”
- “Advances in/decreased due to the timing of receipt and execution of orders.”
- “Revenue increased by ...Increases occurred in O&M and Milcon and Procurement and...”
- (Revenue increased because revenue increased)
- “Public revenue (or expenses) in/decreased due to eliminations.”
- Use of acronyms without spelling out first:
 - “SPAWAR expenses increased because of OIF, OEF and DFI.”
 - “DFI increased because we received the new FAD.”



What Requires an Explanation?

- Balance Sheet (BS) and Statement of Net Cost (SNC)
- Variances \pm 2% of total assets or 10% change from comparative period
- Variance discussion in note required only if the respective line on the BS or SNC exceeds \pm 2%/10% threshold
- If line on the statement is \pm 2%/10%, address all 2%/10% lines in note
- Though a line is not \pm 2%/10%, be prepared to provide variance details for Agency-wide if called upon
- Changes in Net Position (CNP), Statement of Budgetary Resources (SBR) and Statement of Financing (SOF) analysis not required by OSD, however:
 - Disclose and explain SOF adjustment in narrative
 - Explain abnormal balances in narrative
 - Be prepared to provide input for CNP, SBR and SOF narrative in Agency-wide footnotes



Variance Analysis

Who, what, when, where, why?

- Identify the business partners/event(s) driving significant changes.
- What caused the business event(s)?
- When did the business event(s) occur?
- One-time or recurring event?

What really happened?

- Lines on Statements Include Multiple Accounts
 - Get to the specific accounts underlying the lines
 - Get to the events underlying the accounts



Where Can I Look?

- Newsletters
- News Releases
- Audit Reports
- Bulletins
- Metrics
- Funding Documents



Who Can I Ask?

- Look at Organization Chart
- What part of the organization affected this change?
- Identify a point of contact
- Establish a relationship with them
- Gather information
- Follow up



Check for Consistency

- Within the footnote
 - Narrative schedule to financial statement
 - Amounts within the narrative to the narrative schedule
 - Totals and subtotals in the narrative schedule



Check for Consistency

- Between Footnotes
 - Other assets in notes 2 and 6
 - Environmental liabilities in notes 11 and 14
 - Military Retirement in notes 11 and 15
 - Capital leases in note 15
- Between Financial Statements
 - Check DDRS Mandatory Reconciliations



Upcoming Changes

- DoDFMR Vol 6B, Chapter 10 Update Working
- Refer to Agency-wide (AW) notes - use as model
- Significant changes (already in AW)
 - Definitions/references deleted/moved to Note 1
 - Note 1Y requires undistributed discussion
 - Note 16 - use standard text
- DDRS Changes for Governmentwide Reporting System (GFRS)
 - Check the OMB 01-09 and attempt to meet all note requirements/disclosures before fiscal-year end
- CFO Form and Content Subcommittee and Workgroups
 - Complete rewrite of OMB 01-09
 - Compliance with OMB A-11 and FASAB